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ABSTRACT

With regard to school finance legislation, 1994 was an active year with 13 cases decided and over 100 pieces of legislation passed. This paper provides a summary and analysis of state school-finance litigation and legislation for that calendar year. The first part summarizes and analyzes state school-finance court decisions; included is a table listing the state, date of the decision, court, case summary and reference, and the actions taken after the decision. Trends in court decisions are also described. The second section looks at state-school finance legislation; a series of tables in the summary list legislation by category, describe the content of the legislation, and provide the bill number. Most of the court cases centered on equity and adequacy of state funding, and state courts continued to differ on the acceptability of variations in expenditures based on wealth, primarily property wealth. A notable exception was the supreme court case in Arizona that overturned the funding system based on disparities in school facilities. School-finance legislation, of necessity, deals broadly with all aspects of state funding and so divides itself into many types of legislation. It appears that many of the legislative initiatives would necessitate increased levels of funding, and with states in better fiscal health in recent years, education advocates may feel optimistic. On the other hand, a number of states are considering tax rebates and/or tax cuts. Thirteen tables are included. Contains 11 references. (LMI)

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STATE SCHOOL FINANCE LITIGATION AND LEGISLATION 1994: A SUMMARY AND AN ANALYSIS

by

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Introduction

Two primary sources of school funding reform are state litigation and legislation. As researching each of these areas requires a substantial investment of time, most summaries and analyses treat only one. Yet if one desires a more holistic picture of school finance reform, and particularly if one is trying to find trends in school funding systems, it is essential to look at both. With those two purposes in mind, this paper was developed to summarize and analyze state school finance litigation and legislation for calendar year 1994. As such it is divided into three major parts. First is the summary and analysis of state school finance court decisions; included is a table listing the state, date of the decision, court, case summary and reference, and the actions taken after the decision. The analysis examines trends in the court decisions. The second section of the paper looks at state school finance legislation; in the summary, the reader will find a series of tables listing legislation by category, with a description of the legislation and bill number for reference. Analysis of legislation presents trends and linkages with school finance litigation. The final section of the paper draws conclusions from the summaries and analyses and presents trends for 1995 and beyond.

School Finance Litigation

With regard to school finance litigation, 1994 was an active year with a total of thirteen cases decided.[1] Approximately one-half, or six, were heard at the state supreme court, meaning that the remainder of decisions are probably not final as many will be or are in the process of being appealed. (See Table 1 for a summary of all decisions.) The supreme courts in Kansas, North Dakota, and Virginia upheld the constitutionality of the state's school funding system while supreme courts in Arizona and New Jersey ruled the school funding systems unconstitutional. New Hampshire's supreme court decision focused exclusively on the state's duty to fund education, overturning a lower court decision. In a novel twist, Arizona justices based their decision largely on the inequities in facilities among school districts.[2 3] Of the thirteen decisions, seven state systems were found

constitutional and six unconstitutional, an approximate 50/50 split. This ratio is consistent with the track record when one looks at the previous four year period, 1989-1993.[4]

States have manifested a variety of responses to court decisions. At the end of 1994, appeals were in process in at least three states. Plaintiffs in Maine, who had lost at the superior court level, have appealed to the appellate level while plaintiffs in Rhode Island have appealed to the supreme court. In Ohio the state's attorney general at the request of the governor has appealed the common pleas court decision overturning the system. In Illinois and South Dakota where plaintiffs had lost at lower court levels, appeals are being considered. Court oversight in Arkansas and New Jersey requires legislatures to fashion a funding system compatible with the court decision within a given period of time. Other states have undertaken studies of either parts or the entire funding system; these include Arizona, North Dakota, and Ohio. Arizona is in the process of issuing a request for proposals to conduct a statewide survey of facilities in school districts who fall below the state's median assessed value of property while North Dakota and Ohio have convened special study groups. With the exception of New Hampshire, states where the funding system was upheld at the supreme court level--Kansas and Virginia--are taking no action. In New Hampshire, due to the narrow scope of the decision, plaintiffs intend to initiate a new suit dealing with equity and adequacy.

Most school finance suits turn on the equity and adequacy of state funding, and the decisions handed down in 1994 for the most part followed that pattern. However, as school finance suits are decided on a state-by-state basis, what is deemed constitutional in one state may not be held so in another. If one divides the decisions into two groups, those that found the funding system constitutional versus those that did not, it is difficult to see any particular pattern. For example, some courts are more tolerant of disparities in per pupil expenditures than others. In states such as Illinois, North Dakota, South Dakota, and Virginia, the courts found nothing in their states' constitutions forbidding variations in spending across districts. In South Dakota, the court noted that the state constitution tolerates disparities in both spending and tax rates. Yet in New Jersey, the supreme court found the funding system unconstitutional for the third time due in large part to disparities in expenditures across school districts.

School Finance Legislation

This section of the paper summarizes and analyzes school finance legislation passed by state legislatures in the 1994 session and signed into law by their respective governors. Over one hundred pieces of school finance legislation were passed and signed into law, ranging from rather routine appropriations to completely new school funding systems. Given the sheer number of bills and limits of this paper, it is not possible to engage in detailed analysis. Rather the purpose of this section is to provide a broad overview of the types and numbers of bills passed and to draw conclusions about trends in school finance legislation and to compare these trends to those in school finance litigation.

At the end of the 1994 legislative session, a StateNet search for all school finance legislation that had been passed and signed into law by the respective governor was conducted. One hundred seven bills had been passed. These have been divided into twelve categories with the number of bills in parentheses, as follows:

- State Aid (22)
- Study Committees (4)
- Lottery Funds (3)
- Capital Outlay (14)
- School Safety (4)
- Special Education (18)
- Technology (4)
- Transportation (5)
- Charter Schools (3)
- Professional Development (2)
- Tax Bases and Taxation (12)
- Other (15)

Tables 2.1 through 2.12 list and summarize all of the pieces of legislation by category with the appropriate bill number.

With regard to state aid, two notable bills originated in Colorado and Maine. Colorado passed a comprehensive school finance act, turning from a power-equalizing approach to a foundation level.[5] The Maine legislature took a bold step to redefine the notion of wealth upon which state aid is based in municipalities. The previous practice of using assessed valuation of property was replaced by median household income divided by the

percentage of total municipal property tax assessed on residential property. In addition, four states created study committees: Massachusetts; New Hampshire; New Mexico; and Utah. Massachusetts will undertake a broad study of education that includes finance while New Hampshire's focus is the financing of public education. New Mexico created a task force on public school transportation, and Utah reauthorized a School Fees Task Force.

Three states passed legislation with regard to the disposition of lottery revenues. California and Michigan legislation stipulated that interest from lottery revenues be dedicated to school aid. A number of states passed legislation with regard to capital outlay. Although the majority dealt with school construction and related projects, two states--Arkansas and Oklahoma--broadened their definitions as follows: Arkansas now permits the use of proceeds from a school bond issue to pay off installment contracts and lease purchase agreements while Oklahoma will allow payment of utilities from the school district's building fund.

While school safety emerged among the top concerns for respondents to last year's Phi Delta Kappa/Gallup Poll,[6] only California and North Carolina passed legislation in this area. California passed three bills, one appropriating one million dollars to the Los Angeles schools to purchase metal detectors. North Carolina initiated a grant program to which school districts might apply for assistance related to school safety for students and employees.

Although costs of special education to states and school districts continues to rise, the legislation passed last year seemed fairly routine. Included in these bills were appropriations for services to intellectually gifted and limited English proficient. Arizona stipulated, in what might be considered a mechanism for cost control, that children who are being considered for placement in private residential facilities must first obtain a voucher from the state. Providing funding for technology to schools can also be a costly endeavor. Four states passed legislation regarding this area. Alabama has created an Education Technology Fund while Idaho and Indiana now provides school technology grants. Utah legislation recognized the importance of inservice training in technology by allowing school districts to spend up to one quarter of their technology appropriation in this area.

Four states passed legislation for school transportation. New York stipulated that school districts must continue to provide transportation for students even when the school budget is defeated.[7] A piece of legislation in

Indiana eliminates the need for school districts to competitively bid transportation services in order to be eligible for transportation aid from the state. Three states passed legislation regarding the funding of charter schools: Colorado; Kansas; and Michigan. The Michigan charter school act would be found unconstitutional later in the year.

California and Kentucky enacted legislation for professional development. In California, the funding for the state School Paraprofessional Teacher Training Program was allocated to the Commission of Teacher Credentialing for grants to school districts. Professional development legislation in Kentucky focused on the role of regional service centers, mandating that local school districts give 25% of their professional development funds to the regional centers. Five states passed legislation that will affect tax bases and taxation that provide revenues for school districts. Georgia and Michigan modified homestead exemptions, with Michigan instituting a procedure for exemption of school operating taxes. Oklahoma enacted a bill that requires counties with populations over 300,000 that a portion of sales tax revenue be dedicated to funding early childhood education and school security.

The last category and table, titled "Other" contains legislation from twelve states that does not fit comfortably into any of the above categories. However, these pieces of legislation address a broad spectrum of finance policy issues. For example, Delaware enacted legislation to use state moneys to supplement federal funding for HeadStart. Utah passed legislation that would give school districts a $500 bonus for each student who graduates at the end of eleventh grade and gives the student a $1,000 scholarship. In an entrepreneurial spirit, Florida approved educational license plates with proceeds to go to the applicable school districts.

What trends can be gleaned from such a mix of legislation? States continue to struggle with the best ways to structure and distribute state aid. Each year some organize study committees to look at that issue.. Underlying state aid is tax policy, in particular the composition of the tax base and its assessment. Taxpayer equity concerns may conflict with student equity issues, e.g., broadening homestead exemptions may provide greater taxpayer equity, but at the same time it erodes the property tax base upon which school districts in most states draw. On the other hand, small adjustments in state revenues, such as allocating the interest on lottery revenues in addition to the revenues themselves to education benefits school districts. States are struggling to find their appropriate role in

capital outlay. Legislation in the areas of school safety, technology, professional development, and charter schools may be indicators of emerging policy issues.

Little if any relationship exists between the school finance court cases decided in 1994 and legislation passed. To some extent, that should not be surprising as some cases were decided too late in the legislative session for action or after the legislative ended. Other decisions, such as those in Arkansas and New Jersey, allowed the legislature up to two years to find solutions to the school funding system. New Hampshire created a study committee. What this research seems to demonstrate is that to establish a relationships between litigation and legislation may necessitate a longitudinal approach as legislation may occur in the next year's legislative session. In addition, the presence of a lawsuit sometimes spurs legislatures to modify the funding system before a decision is handed down.

Conclusions and Policy Implications

1994 was an active year for school finance litigation and legislation with thirteen cases decided and over one hundred pieces of legislation passed. Approximately half of the cases were decided at the supreme court level, and the split between constitutionality and unconstitutionality of school funding systems was also approximately 50/50. Most cases centered as they have historically on equity and adequacy, and state courts continued to differ on the acceptability of variations in expenditures based on wealth, primarily property wealth. One might conclude that trends in litigation set over the last five years will most likely continue. A notable exception was the supreme court case in Arizona that overturned the funding system based on disparities in school facilities. Given the condition of school facilities nationwide, the Arizona decision may open a new path for plaintiffs.

School finance legislation, of necessity, deals broadly with all aspects of state funding and so divides itself into many types of legislation. Of note were the enactment of a new funding system in Colorado and a new method for determining wealth for school funding in municipalities in Maine. School finance legislation may also serve as a bellwether of issues that will increase in importance, such as legislation on school safety; charter schools; professional development; technology; and capital outlay. It would appear that many of these initiatives

would necessitate increased levels of funding, and with states in better fiscal health in recent years, education advocates may feel optimistic. On the other hand a number of states are considering tax rebates and/or tax cuts[8] so that education funding may not increase significantly over the past two fiscal years where the median increase in state spending on education was 4.4% for fiscal year 1994[9] and 5.0% for fiscal year 1995.[10] Exceptions may be states experiencing rapid growth in student enrollments[11] or states, like Michigan, that make a dramatic shift in the state/local share.[12]

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Endnotes

[1] Please note that the New Hampshire decision was rendered in December, 1993, but is included due to its proximity to 1994.

[2] For an analysis of the Arizona decision, see Faith E. Crampton and Terry N. Whitney, "Equity and Funding of School Facilities: Are States at Risk?" *State Legislative Report*, 20:1 (February 1995); see also, *Roosevelt Elementary v. Bishop*, CV-93-0168-T/AP, Supreme Court of Arizona, July 21, 1994.

[3] Note also that although the Ohio decision was much broader in scope, specific reference to disparities in facilities as a source of inequity was made in the decision. See *DeRolph v. State of Ohio*. No. 22043. Common Pleas Court, Perry County, Ohio, July 1994.

[4] For a more indepth analysis of this time period, see "School Finance Equity Cases: Does Litigation Work?" *State Education Finance Communications* (April 1995), National Education Association.

[5] For a more complete analysis and description of the Colorado School Finance Act, see "The Colorado School Finance Story: Traditional Values Shape Legislative Reforms and Initiatives," by Richard A. King and Terry N. Whitney, *Journal of Education Finance* (in press).

[6] "The 26th Annual Phi Delta Kappa/Gallup Poll of the Public's Attitudes Toward the Public Schools," by Stanley M. Elam, Lowell C. Rose, and Alec M. Gallup, *Phi Delta Kappan*, 76:1:42 (September 1994).

[7] Note that in New York state, with the exception of major urban school districts, all districts must present their annual budget to voters for approval.

[8] "State Fiscal Outlook for 1995," Arturo Perez, *Legislative Finance Paper* No. 97 (Denver, Colorado: National Conference of State Legislatures, 1995) p.8.

[9] *State Budget Actions 1993*, Corina Eckl, Karen Carter, and Arturo Perez. (Denver, Colorado: National Conference of State Legislatures, 1993), p.24.

[10] Calculated from data in Table 6, *State Budget Actions 1994*, Corina Eckl, Karen Carter, and Arturo Perez. (Denver, Colorado: National Conference of State Legislatures, 1993), pp.22-23.

[11] See, for example, *Final Report on the Study of the Enrollment Growth Factor*, by Terry N. Whitney, Faith E. Crampton, and John Augenblick, A report presented to the Legislative Education Study Committee and Education Committee of the New Mexico Legislature (Denver, Colorado: National Conference of State Legislatures, 1994).

[12] See, "School Funding Alternatives," by Terry N. Whitney, *NCSL Legisbrief*. 2:23 (June 1994).

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Table 1: Summary of School Finance Litigation Cases Decided in 1994

State/ Date	Case Summary/ Case Reference	Status
Arizona July 1994	According to the state supreme court, "Arizona's use of property taxes to pay for public education is **unconstitutional** because it provides "enormous disparities" in the ability of school districts to build new schools, maintain existing buildings, and purchase equipment," and the funding system was found unconstitutional. Roosevelt Elementary School District Number 66 v. C. Diane Bishop fi 877p.2D806.	In October the legislature issued an RFP for a comprehensive study of the state's school facility needs and their condition. Districts below median assessed valuation would be surveyed.
Arkansas Nov. 1994	Pulaski County Chancery-court judge Annabelle Clinton Imber declared the state's school-funding formula **unconstitutional** because it does not provide a "general, suitable, and efficient system" system as mandated by the state constitution. Lake View School District v. Jim Guy Tucker, Governor.	Judge Imber has given the legislature two years to correct the system. Several legislators were discussing whether to request that Judge Imber be more specific about how to remedy the system. A task force on school finance has been meeting since 1993, and will continue to do so.
Idaho Nov. 1994	The Fourth District Court **dismissed** the funding suit against the Idaho legislature finding at least four significant changes had occurred which impacted the status of the case: The 1994 legislature gave public schools the largest appropriation in the history of the state; the legislature changed the funding formula; the legislature defined "thoroughness"; and the state board of education regulations will be replaced by new standards by April 1, 1996. ISEEO v. Idaho Legislature.	Motion to dismiss on the basis of mootness was granted.

Table 1 (continued)

State/ Date	Case Summary/ Case Reference	Status
Illinois Sept. 1994	For the third time since 1973 the appellate court has **upheld the constitutionality** of the school finance system. The court ruled that the constitution doesn't mandate fiscal neutrality and that children do not have a fundamental right to particular education opportunities. Further the court found fault in the plaintiffs' basing their case on the different benefits rich and poor districts could offer. Committee for Educational Rights v. Jim Edgar, Governor 267 Ill. App. 3d 18, 95 Ed. Law Rep. 662.	Plaintiffs have asked the court to reconsider its decision and ultimately may appeal the case to the state's supreme court.
Kansas Dec. 1994	The state supreme court ruled that the 1992 School Finance and Quality performance Act, together with its 1993 amendments, is **constitutional**. As part of its ruling the court confirmed the district court conclusion that the "rational basis" test is the proper measure against which challenge to the school finance law on state and federal equal protection grounds are to be evaluated. U.S.D. no. 229 v. State of Kansas.	Besides the challenge to the act's validity the provision for low enrollment weighting was upheld. (Districts between 400 and 1899 in student enrollment.)
Maine June 1994	Although about 80 districts had argued that statewide reductions in education aid since 1990 had resulted in excessive cuts in poorer school systems, which receive the most state assistance, the superior court **upheld the constitutionality** of the funding system. MSAD no. 1 v. Martin. Docket # CV-92-371.	The ruling has been appealed to the appellate court.

Table 1 (continued)

State/ Date	Case Summary/ Case Reference	Status
New Hampshire Dec. 1993	Unlike most finance cases the issue facing the supreme court did not involve a determination of equity but instead whether the state has a duty to fund public education. The ruling **reversed a 1992 opinion** by a superior-court judge who ruled that the state has no duty to fund education, "since the state constitution only stipulates the amorphous duty to cherish . . . public schools and encourage private and public institutions." Claremont School District v. Governor. 1993. No. 92-711.	Next phase of lawsuit is expected to begin in 1996. Suit was originally filed in 1991 by five districts: Allenstown, Claremont, Franklin, Lisbon and Pittsfield, contending that the state fails to provide adequate and equitable funding for its public schools.
New Jersey July 1994	Last summer's decision marked the third time since 1973 that the state supreme court had deemed the system for funding schools **unconstitutional**. The court ruled that the legislature had not gone far enough to close spending disparities between wealthy districts thirty so called "special needs" districts, as required by the court's 1990 decision. Abbott v. Burke II. No. A140-141.	The court has retained jurisdiction, and set a deadline of the 1997-98 school year for state to achieve "substantial equivalence, approximating 100 percent," in per pupil spending by wealthy and poor districts. Estimates indicate that an additional $450 million to $625 million would be needed to close the funding gap without raising taxes.
North Dakota Jan. 1994	Although three of the five supreme court justices signed the majority decision to sustain the district court's determination that the statutory method for distributing funding for education is unconstitutional, the district court's decision was not upheld, and the system was ruled **constitutional** because Section 4 of Article VI of the Constitution of North Dakota requires that a legislative enactment cannot be declared unconstitutional unless at least four members of the court so decide. Bismark Public School district et al. v. State et. al.	

Table 1 (continued)

State/ Date	Case Summary/ Case Reference	Status
Ohio July 1994	Perry County Common Pleas judge Linton D. Lewis, Jr. ruled that not only was the state's school finance system **unconstitutional** and that a 1979 decision by the supreme court was no longer valid. DeRalph v. State of Ohio. No. 22043.	Governor George Voinovich immediately asked the attorney general to appeal the decision. The State Education Board was listed as appellant although they voted not to appeal. State Superintendent of Education Ted Sanders has convened a working group of finance experts and state education leaders to make recommendations on improving the school funding system.
Rhode Island 1994	Circuit Court found funding system **unconstitutional**. City of Pawtucket v. Sundlun. CA No. 98-8644 and 92-0588.	The state has filed an appeal with the state supreme court. A decision is expected in 1995.
South Dakota Dec. 1994	Circuit judge Steven L. Zinter concluded that the state constitution does not require all districts to tax at the same rate or to spend an equal amount per student, as the plaintiffs had argued, and **upheld the constitutionality** of the current system. Bezdichek v. South Dakota, et. al. Civ. 91-209.	Former Governor Walter Miller unveiled a proposal designed to make the state's school aid formula more equitable prior to judge Zinter's ruling. However, the new Governor, William Janklow, has begun fashioning his own plan. In November voters narrowly defeated a ballot initiative that would have limited property taxes to 1 percent of assessed value. Plaintiffs are considering an appeal.

Table 1 (continued)

State/ Date	Case Summary/ Case Reference	Status
Virginia April 1994	In what has become another disappointment for the lead plaintiff school district, Halifax County, the supreme court **upheld** the state's school funding formula, arguing that eliminating fiscal disparities between school systems is "simply not required by the constitution." (unanimous decision) Reid Scott et al v. Commonwealth of Virginia et al. 247 VA 379.	Virginia currently ranks 45th in the nation in state aid to K-12 education. Differences in spending are manifested in smaller class sizes, more computers, and more course selection for wealthier schools. During the '94 session the legislature passed a $102 million initiative aimed at lowering classroom sizes in kindergarten through third grade in schools with many low income students.

Table 2: Summary of 1994 School Finance Legislation

Table 2.1: State Aid

State	Summary of Legislation/Bill Number
Arkansas	Authorizes the state Department of Education to use funds from previous appropriations to correct disparities in state aid allocations made to various school districts, specifying up to $3.7 million in FY 1994, and $2.833 million in FY 1995. **H 1003 a**
	Deletes the "charged assessment" provision for real property, personal property, and utilities and carriers. Deletes the charged assessed valuation rates and substitutes a fixed assessed valuation of 25 mills for real, personal and utility property for use in the calculation of minimum foundation aid. Deletes the specific reference to "real property" in the requirements for districts to have voted a millage equal to millage for the year in which the aid is distributed. **H 1007 a**
	Authorizes the Education Department to expend Minimum Foundation Program Aid funds to address disparities in allocations made to school districts contiguous to adjoining states; partially conditions on funding received from the State of Louisiana. **H 1029 b**
Arizona	Revises the Teacher "Career Ladder" Program. Allows a school board to apply for the program for any or all schools in the districts, and to delegate authority to a school governing body. The program must require all teachers new to the district to be evaluated for career ladder, and incentive components are allowed. Revises conditions for waivers from requirements for school board approval before a budget increase is allowed; ties funding levels to student count; and deletes the requirement. **S 1186**
	Provides an "optional performance incentive program" for schools that includes higher budgets replaces a 1993 pilot program. **S 1310**
	Relates to school budget increases; schools can budget up to 3% carry forward instead of 1%. **S 1339**
California	Appropriates funds from the General Fund to the State Department of Education for several items for the purpose of paying deficiencies. Requires the Department, prior to the allocation of these funds, to enter into an agreement with the Department of Finance regarding apportionment. **A 238**

Table 2.1: State Aide (continued)

State	Summary of Legislation/Bill Number
California (continued)	Requires the Superintendent of Public Instruction, subject to the approval of the Director of Finance, to make a one-time adjustment to the base revenue limit of each school district or county office of education, upon request, for any fiscal year, as specified. Repeals a requirement in existing law. **A 384**
	Establishes procedures to authorize an elementary school that has been operated by the University of California prior to 1/1/94, to apply to become a charter school by petitioning either the local school district governing board or the State Board of Education. Specifies the process by which a charter school would receive state apportionment. **S 819**
Colorado	Adopts a new School Finance Act for the 1994-95 budget and budget years thereafter. Repeals the "Public School Finance Act of 1988" on 07/01/94. **H 1001**
Delaware	Increases the guaranteed unit count for school districts from 93% to 97% of the actual unit in the prior school year. The purpose is to avoid unnecessary "rifting" of teachers in a period where enrollments and units are generally increasing from one year to the next. **H 205**
	Authorizes, empowers and directs the State board of Education to release additional academic excellence moneys over and above the fiscal year 1994 funding level only upon certification by a school district that it employs the same or greater number of elementary counselors that it employed during fiscal year 1994 and on the same full or part time basis. **S 441**
Iowa	Establishes the state percent of growth for the school budget year beginning July 1, 994, for purposes of the State School Foundation Program. **S 2401**
	Relates to funding of gifted and talented programs. **S 2201**
	Related to educational finances, activities, and procedures administered by or through the Department of Education. **S 2234**
Idaho	Relates to appropriations for public schools. **S 1617**
Kansas	Amends school district finance and quality performance act; concerns the ad valorem property tax levy required thereunder. **K 462**

Table 2.1: State Aid (continued)

State	Summary of Legislation/Bill Number
Maine	LD 924 Establishes a new method of determining a municipality's ability to support education costs; replaces state valuation of property with a new measure of wealth defined as median municipal household income times the number of households in the municipality divided by the percent of total municipal property tax assessed on residential property; requires that the State fund 100% of all special education tuition and costs for students placed out of district to receive education services. **H 682**
Maryland	Prohibits compensatory education funds for a county to be reduced beyond a specified percentage when specified statewide student populations change from one fiscal year to the next; requires the reallocation of compensatory education funds under specified circumstances to ensure that the amount of funds to a county is not reduced beyond a specified amount from one fiscal year to another. **H 860**
Michigan	Provides for state reimbursement for lost school operating revenues with regards to tax increment financing. **H 4285** Provides for state reimbursement for lost school operating revenues with regards to local development financing. **H 4286** Revises provisions for permitting school districts and intermediate districts to borrow against school aid payments. **S 1061**
Minnesota	Relates to education aids and program; Department bill, modifying aid adjustment provisions, transportation levy equity provision, secondary vocational aid provision, staff development levy determination, etc. **H 2189**
Mississippi	Requires a taxing entity to advertise its intention of a proposed ad valorem tax increase; specifies procedure for notice, contents and hearing dates; requires school districts to advertise intentions for increases in budget by requesting tax increases; includes municipalities, county supervisors, special districts and taxing authorities in advertisement requirements. **H 585**
Montana	Reduces school budgets by 1.5 percent; reduces district budget growth. **H 22 a**
New Hampshire	Provides that curricular, public school courses shall be made available to nonpublic or home educated, resident students; fails to consider such students resident pupils for the purpose of funding. **H 1109**

Table 2.1: State Aid (continued)

State	Summary of Legislation/Bill Number
New York	Extends the expiration of provisions authorizing State aid to the excellence and accountability pilot school districts until 7/1/96. **S 7723**
Oklahoma	Proposes a constitutional amendment modifying how the Commissioners of the Land Office may invest public building and permanent common school and other educational funds. **HJR 1028**
South Dakota	Revises the way excess appropriated state funds are distributed to eligible school districts. **H 1070**
	Revises the definition of adjusted full and true value for the purpose of distributing state aid to education. **H 1141**
	Repeals certain provisions regarding the establishment of reciprocal tuition rates with Minnesota school districts. **H 1166**
	Changes the method of adjusting foundation program payment errors regarding state aid to school districts. **S 43**
Utah	Relates to public education; provides school districts with greater flexibility in utilizing class size reduction moneys in kindergarten through the third grade; provides criteria for annual adjustments to the program. **H 73**
	Relates to public education; provides for State and local funding of the minimum school program act; establishes a ceiling for the total state contribution to the maintenance and operation portion; establishes the value of the weighted pupil unit; establishes distribution formulas; provides an appropriation; makes technical changes; provides an effective date. **H 465**
Wisconsin	Provides state aid to school districts and private schools for breakfast programs. **A 582**
West Virginia	Relates to public school support. **S 1000a**

Table 2.2: Study Committees

State	Summary of Legislation/Bill Number
Massachusetts	Relates to the appointment of a special committee of the House to make an investigation and study of education in the Commonwealth. **H 1000 z**
New Hampshire	Repeals the authority to use local property tax revenue to fund education on December 31, 1996; creates a committee on the financing of public education, which will consider all alternatives to funding of public education and make a report to the legislature by June 30, 1995; encourages the legislature to hold a special session in October, 1995 to consider legislation recommended in the committee's report. **H 1260**
New Mexico	Creates a Joint Interim Public School Transportation Task Force; makes an appropriation. **S 138**
Utah	Relates to public education; reauthorizes the School Fees Task Force; provides funds; provides and effective date. **H 71**

Table 2.3: Lottery Funds

State	Summary of Legislation/Bill Number
California	Requires that all of the interest earned upon funds held in the State Lottery Fund be allocated to the benefit of public education. Specifies that this interest is not to be considered as part of the 34% that is otherwise required to be allocated for the benefit of public education. Also declares that lottery funds allocated for the benefit of public education are in addition to other funds appropriated or required for educational purposes. **A 2425**
Georgia	Related to the disposition of state lottery proceeds, so as to provide for a shortfall reserve subaccount to be maintained within the Lottery for Education Account within the State Treasury; provides for the use of the funds in such shortfall reserve subaccount. **S 452**
	Relates to the disposition of state lottery proceeds, so as to provide for a shortfall reserve subaccount to be maintained within the Lottery for Education Account within the state treasury; provides for the use of the funds in such shortfall reserve subaccount. **S 711**
Michigan	Includes interest on net revenue in State Lottery Fund when deposited in School Aid Fund. **H 5166**

Table 2.4: Capital Outlay

State	Summary of Legislation/Bill Number
Alaska	School construction grants. **S 312**
Alabama	Makes appropriations for the support, maintenance and development of public education in Alabama, for debt service, and capitol outlay for the fiscal year ending September 30, 1995. **H 193**
Arkansas	Authorizes the use of funds from a school bond issue to pay off outstanding postdated warrants, installment contracts, revolving loans and lease purchase agreements. **S 28 b**
California	Authorizes any school district that has a community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982 that has as one of its purposes the construction of school facilities within the territory of the school district to form a school facilities improvement district in that portion of the territory of the school district that is not located within the boundaries of the community facilities district. **A 3747**
	Authorizes the Allocation Board to provide a loan to any school district from the proceeds of specified bond act to provide aid for the school district in accordance with the Greene Act. Makes an appropriation by requiring the Controller to transfer from the General Fund to the School Deferred maintenance Fund an amount equal to any amount paid to the General Fund pursuant to the immediately described loan provision. **S 290**
Colorado	Concerns school district bonded indebtedness under the School District Organization Act of 1992. **H 1364**
Connecticut	Authorizes grant commitments for the 1994 school building project priority list and to grant exceptions to certain and regulatory requirements for some existing projects. **S 283**
	Amends certain bond authorizations for capital improvements and magnet schools. **H 6007 a**
Georgia	Creates "Quality Basic Education Act" so as to change definitions relating to capital outlay funds for education; to provide for policies, guidelines, standards, and responsibilities of the State Board of Education with regard to capital outlay projects; to change certain conditions relating to sparsity grants; and for other purposes. **H 1314**

Table 2.4: Capital Outlay (continued)

State	Summary of Legislation/Bill Number
Hawaii	Proposes an amendment to the Constitution of the State of Hawaii; authorizes the State to use the proceeds of special purpose revenue bonds to finance or assist early childhood education and care facilities provided to the general public by not-for-profit corporations. **H 2692**
Idaho	Relates to school district facility funding; provides that lottery dividends and interest earned thereon in the school district building account shall be distributed to school districts based upon the average daily attendance of that district. **H 583**
	Amends existing law to clarify conditions relating to the School Plant Facilities Reserve Fund levy. **H 884**
Kentucky	Permits local school districts that qualify as growth districts to levy five cents tax in addition to taxes needed to participate in school construction funding program; provides that additional tax is not equalized or subject to recall provision if the rate produces more that 4% of the amount of revenue generated by compensating tax rate; provides for expiration of section upon certain level of state budgeting. **H 810**
	Clarifies the requirements to participate in the Facilities support Program of Kentucky; requires the tax levy to participate no later than 10-1 of each odd-numbered year; requires that any equalized funds not needed for debt service be deposited to a restricted building fund account for future debt service or priorities listed in the approved facilities plan. **H 830**
Maryland	Authorizes counties to borrow money by issuing and selling notes in anticipation of receiving the State share of the Costs of school construction and capital improvement projects approved by the Board of Public Works; authorizes the counties to consolidate sales of the notes; establishes general and specific procedures and requirements for the authorization and sale of the notes by the counties. **H 116**
New Hampshire	Provides that local School Districts shall be eligible for an increase in school building aid for classroom construction and renovation costs for implementing new public kindergarten programs or maintaining existing public kindergarten programs; terminates the program in the year 2000. **H 1458**
Oklahoma	Authorizes payment of utility costs for school districts from the building fund. **S 765**
Wyoming	Allows 33 1/3% of mineral royalties from the lease of any school lands to be deposited into the Public School Capital Construction Account within the Earmarked Revenue Fund. **H 35**

Table 2.5: School Safety

State	Summary of Legislation/Bill Number
California	Appropriates $1,000,000 to the Department of Education for allocation to the L.A. Unified School Districts for the purchase of stationary and hand-held metal detectors. **A 777**
	Enacts the Safe Schools Act of 1994, which upon approval by the state electorate at the 6/7/94 direct primary election, would provide for the issuance of state general obligation bonds to provide aid to school districts in accordance with the Greene Act. Requires that any remaining funds from school construction bond measures be transferred to the State School Building Lease- Purchase Fund for apportionment under the Greene Act. **S 190**
	Makes legislative findings and declarations relating to crime and violence on school campuses, including a declaration that the Legislature recognizes its responsibility to assist school districts in correcting and preventing school safety problems. Creates, until 1/1/98, the Conflict Resolution and School Violence Reduction Program under which the Superintendent of Public Instruction would allocate specified funds. **S 1255**
North Carolina	Appropriates funds for a grant program to provide funds to local school administrative units to make schools safe for students and school employees; describes grant application and selection process; provides that grant recipients must be selected before 1/1/94; requires that State Board of Education report to Joint Legislative Education Oversight Committee by 3/15/94 and by 1/15/94 on how funds are being used; makes other provisions. **H 834**

Table 2.6: Special Education

State	Summary of Legislation/Bill Number
Alabama	Appropriations from the Alabama Special Education Trust Fund (14 Bills). **H 194, 200, 212, 214, 215, 216, 217, 218, 220, 222, 239, 415, 450, 538**
Arizona	Relates to schools: special education; changes statutes governing responsibility for special-education placement of children; states that no child may be put in a private residential facility without a special voucher or other placement. **S 1377**
Georgia	Relates to special education services; changes the eligibility criteria for state funded special education programs for the intellectually gifted. **H 1768**
Idaho	Relates to public school funding; incorporates existing special programs, special allocations and the salary-based apportionment; increases the local district contribution calculation to four tenths percent; revises the computation of elementary support units; provides court-ordered pupil tuition-equivalency allowance; provides the experience and education multiplier; provides the state minimum salary schedule. **S 1560**
Maryland	Funds programs for students enrolled in non- and limited-English proficient student programs in public schools. **S 720**
South Dakota	Aligns state special education aid calculations with current property tax practices. **H 1075**

Table 2.7: Technology

State	Summary of Legislation/Bill Number
Alabama	Creates an Education Technology Fund within the State Treasury and makes an appropriation to the Education Technology Fund for four pilot programs to augment the science curriculum for the fiscal year ending September 30, 1994. **S 125**
Idaho	Relates to technology applications in education; defines terms; provides for public school technology grants; provides for evaluations and audits and severability; declares an emergency. **H 901**
Indiana	Establishes the Buddy System Project; sets forth certain school funded initiatives, with optional parent funded initiatives for students in at least grade 6; requires the Corporation for education Technology to solicit bids from computer vendors to provide Project computers for grade 4 and grade 5 students and teachers to take home at a per unit cost to the state of not more than $900; authorizes schools to apply for grants with certain matching requirements; appropriates $ 4,000,000 for the first year. **S 197**
Utah	Provides that school districts may spend up to 25% of their technology appropriation on inservice training. **S 21**

Table 2.8: Transportation

State	Summary of Legislation/Bill Number
Indiana	Eliminates the requirement that a school corporation: (1) obtain at least two proposals; or (2) at least make a reasonable effort to provide, or contract with provider for transportation services at a competitive cost; to be eligible to receive the school corporation's transportation distribution from the State; reconciles conflicts between statutes enacted by the 1993 General Assembly. **H 1033**
New York	Provides that School Districts shall continue to provide transportation for students in accordance with adopted mileage limitations when school budget is defeated; provides that mileage limitations shall change only when amended by a special proposition; provides that appropriations for any other purpose may be excluded in the budget only after voter approval. **S 3755**
South Dakota	Allows school districts to charge for certain school bus service. **H 1168**
	Revises the computation of the state average pupil transportation cost. **S 200**
Wyoming	Restricts transportation or maintenance for isolated pupils to those whose parents or guardians must reside in the isolated location to earn a substantial portion of the family income and allows districts to refuse non-resident students if the pupil has been expelled or suspended by the Board of another district. **S 83**

Table 2.9: Charter Schools

State	Summary of Legislation/Bill Number
Colorado	Concerns charter schools. **S 215**
Kansas	Concerns school districts; provides for the establishment of charter schools by board of education. **S 803**
Michigan	Provides for attendance at charter public schools. **S 8963**

Table 2.10: Professional Development

State	Summary of Legislation/Bill Number
California	Declares the intent of the Legislature that funding for the California School Paraprofessional Teacher Training Program be allocated to the Commission on Teacher Credentialing for grants to school districts. Find and declares that, although 7 school districts were selected to participate in the program in 1992, no funds were appropriated for the program for the 1992-93 and 1993-94 fiscal years. Makes other related provisions. **A 2112**
Kentucky	Relates to professional development for educators; relates to regional service centers, to require local districts to forward 25% of their professional development funds to their assigned service center for assistance in planning, identifying quality providers and coordinating training among districts; amends section relating to school-based decision making, to require local districts to allotted 1/2 of the district's per pupil allocation for each student. **H 211**

Table 2.11: Tax Bases and Taxation

State	Summary of Legislation/Bill Number
Georgia	Homestead exemptions of varying kinds. (8 bills) **H 1604, 1648, 1649, 1959, 1961, 1962, 1966, 1968**
Idaho	Relates to the Educational Support Program; determines the adjusted market value for assessment purposes of school districts; clarifies and updates provisions of the Educational Support Program; provides assessment ratios; provides for determination of adjusted market value for assessment purposes for school districts; provides notification to the State Superintendent of Public Instruction by the State Tax commission of Allotment; etc. **H 715**
Louisiana	Relates to the state personal income tax; provides that the tax credit granted for kindergarten, elementary, or secondary education expenses shall continue to be inapplicable, inoperable, and of no effect through 06/30/96. **H 53**
Michigan	Revises the definition of homestead in the School Code. **H 5329**
	Provides a procedure for homestead exemption of school operating taxes. **H 5345**
Oklahoma	Deletes the population limits for counties authorized to levy a sales tax on sales or services; requires that, in counties with populations of more than 300,000 that levy the sales tax, a portion of the revenue be apportioned specifically for funding early childhood education programs in public schools and for providing security at public schools, and requires the county sheriff to contract with each school district in the county to provide security. **S 590**

Table 2.12: Other School Finance Legislation

State	Summary of Legislation/Bill Number
Arizona	The School Improvement Act. **H 2002**
California	Establishes the Pupil Instructional Materials Incentive Program. Requires the governing board of a school district to hold a public hearing or hearings as to the sufficiency of textbooks or instructional materials for each pupil and to determine whether each school in the district has sufficient textbooks and instructional materials, commencing with the 1994-95 fiscal year. Instructs governing boards of school districts to take certain actions. **A 2600**
Delaware	Provides for the use of state money to supplement the federal funding for the HeadStart program for 4-year olds. **H 483**
Florida	Provides that the Department of Highway Safety and Motor Vehicles issues educational license plates. Provides for disposition of proceeds to the applicable school districts. **S 190**
Hawaii	Requests the Department of Health to continue the operation of the school-based health centers at Kahuku High and intermediate school Kapan High and Intermediate school, and to identify a permanent home for this program and a permanent means of funding the same through Chapter 42D, Hawaii Revised Statutes. **HR 273**
Kentucky	Creates the Kentucky Education Reform Act Evaluation Board, provides that the Governor appoint 10 members to two-year terms, defines the board's duties and responsibilities, and authorizes the board to hire staff and adopt bylaws. **H 256**
Louisiana	Relates to discipline and decision-making skills for students; provides for the implementation of a pilot program based on the "CARE" model for developing like-long decision-making skills for public school students; includes provisions for the selection of a school. **H 334 c**
	Urges and requests the State Board of Elementary and Secondary Education to establish a higher funding priority for use of Louisiana Quality Education Support Fund moneys for programs which better equip parents to provide the needed support for the education of their children and to significantly increase fund amounts allocated for certain family-school educational partnership activities. **HCR 42 c**
Montana	Eliminates bonus payments to consolidating school districts. **S 46 a**
New York	Authorizes efficiency study grants to improve the delivery of education services and reduce district costs. **S 2802**

Table 2.12: Other School Finance Legislation (continued)

State	Summary of Legislation/Bill Number
New York (continued)	Relates to allocations for efficiency study grants; removes provisions relating to 35% of total allocation being spent on particular are; provides that training shall be included for grants to study collaborative service delay system for school aged at-risk youth and their families. **S 7871**
Oklahoma	Requires a plan of action for consolidation of school districts and stating content of the plan; requires approval by a majority of voters at the same time as the consolidation election; makes approved plan binding on the board of Education of the newly formed district for at least 3 years; allows the new district to alter or disregard the plan only if there is a significant change in circumstances, including a significant drop in revenue to the district or in student enrollment. **H 1902**
	Increases to 25% of votes cast in the last school district election the number of signatures required to request an audit of the books and accounts related to the public funds of a school district. **S 1112**
Utah	Relates to public education; provides for a centennial scholarship of up to $1,000 for students who graduate from school at the conclusion of the eleventh grade; provides that school districts shall receive $500 for each student who graduates at the conclusion of the eleventh grade; allows students to take higher education credit courses during the twelfth grade; provides for an annual report; provides an effective date. **H 190**
	Relates to public education; requires that schools charging fees provide a variety of alternatives for satisfying the fee requirement to those who qualify for the fee waivers, in addition to the outright waiver of the fee; provides that local school boards may establish policies regarding partial fee waivers. **S 44**

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